

**IL-601 Medical Care Savings Account Penalty Payment****What is the purpose of this form?**

This form provides the administrator of a Medical Care Savings Account a means to figure and pay any penalty that an employee may owe when

- the employee withdraws money from this account, **and**
- the money is not eligible for withdrawal under the provisions of the Medical Care Savings Account Act.

Who must file?

The administrator of a Medical Care Savings Account must file and pay a penalty on behalf of an employee who withdraws money from this account, and the money is not used to pay eligible medical expenses.

What are eligible medical expenses?

Eligible medical expenses include

- expenses for medical care of the employee, their spouse, or their dependents as described under Section 213(d) of the Internal Revenue Code; **and**
- expenses incurred to purchase a health coverage insurance policy, certificate, or contract if the employee does not already have health insurance coverage.

However, medical expenses of the employee, spouse, or dependents are **not eligible** under this act when covered by another insurance policy. These policies include and are not limited to: automobile insurance, worker's compensation insurance, self-insured insurance, or another health coverage insurance policy, certificate, or contract.

When will a penalty be assessed?

A penalty will be assessed when an employee withdraws money from a Medical Care Savings Account on any day other than the last business day of the account administrator's business year and uses the money for purposes other than those described under "What are eligible medical expenses?"

Note When an employee withdraws money from this account and that withdrawal is assessed a penalty, the withdrawal plus any interest earned on the account is considered income in the year of the withdrawal and must be included on the employee's Form IL-1040, Individual Income Tax return.

IL-601 (R-12/05)

Return only the bottom portion with your payment.



Illinois Department of Revenue

IL-601 Medical Care Savings Account Penalty Payment

Employee's Social Security number

Year of withdrawal

Employee's first name & initial

Employee's last name

Employee's street address

Employee's city

State

ZIP

Employer's name

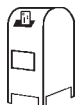
Employer's street address

Employer's city

State

ZIP

Make check or money order payable to: "Illinois Department of Revenue."



Mail to: **DOCUMENT CONTROL AND DEPOSIT MANAGER
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19014
SPRINGFIELD IL 62794-9014**

Account Administrator's name

When will a penalty not be assessed?

A penalty will not be assessed when an administrator reimburses an employee for eligible medical expenses or when

- the employee withdraws money on the last business day of the account administrator's business year; **or**
- the employer mails a check to the former employee for the balance of their account.

Note

In these last two instances, money withdrawn may be used by the employee for any reason without being assessed a penalty. However, this amount must be included as income in the year of the withdrawal on the employee's Form IL-1040.

How much penalty will be assessed?

A penalty of 10 percent will be assessed on the amount of the employee's withdrawal. The administrator must withhold the penalty and pay only the remainder of the withdrawal to the employee.

Where do I file and pay?

Mail your Form IL-601 to: Document Control and Deposit Manager, Illinois Department of Revenue, P.O. Box 19014, Springfield, Illinois 62794-9014. Make your check or money order payable to: "Illinois Department of Revenue."

**Medical Care Savings Account
Penalty Worksheet**

- 1 Write the amount of the employee's withdrawal 1 \$ _____
- 2 Multiply Line 1 by 10% (.10). This is the amount of the employee's penalty. 2 \$ _____

Write the amount from Line 2 on the payment voucher below.
Mail the voucher together with your check or money order to the Illinois Department of Revenue at the address below.



\$

Penalty payment amount